

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 STRE-00 DOEE-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08
FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00
NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00
USIA-06 PRS-01 SP-02 SOE-02 OMB-01 DOE-11 /125 W
-----106552 312222Z /72

P 312118Z JAN 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 5349
INFO AMEMBASSY BRUSSELS
AMEMBASSY TOKYO

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USMTN USEEC

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD
SUBJECT: MTN: INFORMAL MEETING ON SUBSIDIES/COUNTER-
VAILING DUTIES

REF: (A) GENEVA 12241; (B) STATE 281181; (C) GENEVA 1054

1. AT REQUEST OF GATT SECRETARIAT, THE US, EC, JAPAN, CANADA, AND NORDIC DELEGATIONS PARTICIPATED IN AN INFORMAL SESSION TO DISCUSS THE FUTURE WORK PROGRAM ON THE SUBSIDIES/CVD NEGOTIATIONS. THE MEETING REVEALED THE FRUSTRATION AMONG PARTICIPANTS CONCERNING LACK OF PROGRESS IN THIS AREA OF THE NEGOTIATIONS. DELS AGREED HOWEVER, TO CONTINUE BILATERAL TALKS WITH A LIMITED OFFICIAL USE

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VIEW TO MORE CLEARLY DEFINING POSITIONS ON THE CONCEPTS CONTAINED IN GATT DOCUMENT CIRCULATED IN DECEMBER (US/EC OUTLINE OF AN APPROACH CONTAINED IN MTN/INF/13) AND THE CANADIAN REDRAFT OF THE U.S. "GUIDELINES FOR DISCUSSION" IN TPSC 77-91 ANNEX 1. END SUMMARY.

2. GATT CHAIRMAN OF SUBSIDY/COUNTERVAILING DUTIES SUB-

GROUP, (LINDEN) CONVENED MEETING TO DISCUSS HOW WE MIGHT MOVE WORK FORWARD IN SUBSIDY/COUNTERVAILING DUTY AREA. HE STRESSED THAT IF TIMEFRAME TO CONCLUDE NEGOTIATIONS BY MID-JULY IS TO BE REALIZED, ACTIVE NEGOTIATIONS ON THIS ISSUE MUST BE IMMEDIATELY INITIATED. LINDEN STATED THAT THE PRIMARY PURPOSE OF THE MEETING WAS TO APPLY PRESSURE TO KEY PARTICIPANTS TO BECOME MORE ACTIVE AND TO PROVIDE HIM WITH A FIRST-HAND ACCOUNT OF ANY RECENT BILATERAL DISCUSSIONS. THE LATTER IS PARTICULARLY OF INTEREST FOR LINDEN TO ENABLE HIM TO RESPOND TO INQUIRIES OF DELEGATIONS THAT HAVE NOT BEEN PRIVY TO THE INFORMAL TALKS AND HAVE RAISED

THE POSSIBILITY OF CONVENING A FULL SUBGROUP MEETING. US (NEWKIRK) AND EC (ABBOTT) FIRMLY STATED THAT A SUBGROUP MEETING AT THIS STAGE WOULD NOT CONTRIBUTE TO ADVANCING WORK IN THIS AREA. REST OF GROUP, INCLUDING LINDEN, CONCURRED.

3. US DEL NOTED THAT WE HAD RECENTLY CIRCULATED TO THE EC, CANADA, NORDICS, AND JAPAN A DISCUSSION PAPER THAT EXPANDS UPON THE CONCEPTS CONTAINED IN MTN/INF/13 (THE US/EC OUTLINE OF AN APPROACH ON SUBSIDIES/CVD CIRCULATED IN DECEMBER REF A). FYI: THIS EXPANDED PAPER IS THE CANADIAN RELIMITED OFFICIAL USE

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WRITE OF TPSC 77-91 ANNEX 1 (REF B) WITH THE DELETION OF THE CANADIAN COMMENTS). CANADA, WHILE WILLING TO WORK ON THE BASIS OF THIS DOCUMENT, DID NOT WANT TO BE IDENTIFIED PUBLICLY AS A CONTRIBUTOR. END FYI. US EXPRESSED ITS WILLINGNESS TO ENGAGE IN BILATERAL DISCUSSIONS ON THE BASIS OF THIS DOCUMENT. JAPAN (UKAWA) PRESENTED A JAPANESE "NON PAPER" OF POSSIBLE AGENDA TOPICS TO BE COVERED IN SUBSIDY/CVD AGREEMENT (TEXT IS REPRODUCED AT END OF CABLE). HE SUGGESTED THAT DELEGATIONS FIRST AGREE TO TOPICS AND THEN TURN TO DRAFTING DETAILS. UKAWA STATED THAT AGREEMENT ON AGENDA WOULD HELP PUT PRESSURE ON TOKYO TO FORMULATE A GOJ POSITION ON THE ISSUES INVOLVED IN THIS AREA.

4. THE EC STATED THAT PARTICIPANTS COULD WORK AT THE TECHNICAL LEVEL TO DEVELOP POSSIBLE SOLUTIONS, BUT WITHOUT THE BASIC POLITICAL DECISIONS TO MOVE FORWARD WE WOULD BE WASTING TIME. ABBOTT SAID THAT MTN/INF/13 "REFLECTS A FAILURE TO REACH ANY MORE AGREEMENT THAN ON AGENDA" FOR DISCUSSION AND EXPRESSED "GRAVE DOUBTS" ABOUT GETTING A PACKAGE WHICH WOULD ALLOW THE US TO COME INTO LINE WITH GATT ARTICLE VI. A DECISION AT THE POLITICAL LEVEL IS NECESSARY TO SEE IF THE OUTLINE IN MTN/INF/13 IS REALISTIC. (IN PRI-

VATE CONVERSATION ABBOTT SAID HE WAS UNAWARE OF PROPOSED HIGH LEVEL MEETING BETWEEN WOLFF AND DENMAN ON FRINGES OF FEBRUARY G-18 MEETING, REF C.) CANADA (DENIS) SHARED THE EC ASSESSMENT SAYING THAT TECHNICAL WORK NEEDED A SENSE OF DIRECTION WHICH ONLY COULD BE SET AT THE POLITICAL LEVEL. UKAWA REJOINED EC BY SAYING THAT THE TECHNICAL ISSUES SUCH AS INJURY CRITERIA AND REFINEMENT OF THE 1960 EXPORT SUBSIDY LIST COULD BE DISCUSSED WITHOUT PREJUDICE TO ANY COUNTRY'S POSITION. SUCH DISCUSSION, IN ABBOTT'S VIEW, WOULD BE CONDITIONED UPON THE CONTEXT OF THE OVERALL AGREEMENT IN WHICH SUCH ELEMENTS WOULD BE PLACED (E.G. ARTICLE XVI:4 PROHIBITION OR GENERAL PROHIBITION OF SUCH EXPORT SUBSIDIES). ABBOTT THEN SUGGESTED THAT DELEGATIONS CON-

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CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01
INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01
CTME-00 AID-05 SS-15 ITC-01 TRSE-00 USIA-06
PRS-01 SP-02 SOE-02 OMB-01 DOE-11 DOEE-00 /125 W
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TINUE BILATERAL DISCUSSIONS ON THE BASIS OF MTN/INF/13 (WHICH THE EC PREFERS) OR OTHER DOCUMENTS (NEW US DISCUSSION PAPER OR JAPANESE OUTLINE). ALL AGREED TO PROCEED ON THIS BASIS AND TO MEET AGAIN IN TWO WEEKS TIME TO REVIEW THE SITUATION. US DEL WILL MEET WITH THOSE DELEGATIONS PRESENT IN COURSE OF WEEK OF JANUARY 30.

5. TEXT OF JAPANESE "NON-PAPER" IS AS FOLLOWS:

QUOTE:

GENERAL.

ELABORATE, WHERE APPROPRIATE, THE RELEVANT PROVISIONS/
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PROCEDURES OF THE GATT, TO ENSURE/IMPROVE THEIR EFFECTIVE-
NESS; ENSURE CONFORMITY WITH SUCH ELABORATION THE DOMESTIC
LAWS, REGULATIONS AND ADMINISTRATION OF PARTICIPANTS

COUNTERVAILING DUTIES.

1. TEST OF INJURY/CRITERIA

- (1) FINDING OF MATERIAL INJURY -- ELEMENTS TO BE EXAM-
INED
- (2) CAUSALITY BETWEEN SUBSIDIES AND MATERIAL INJURY
- (3) OTHER RELATED ISSUES

2. THIRD COUNTRY MARKETS

3. NOTIFICATION, CONSULTATION

4. SURVEILLANCE, DISPUTE-SETTLEMENT

SUBSIDIES.

1. RELATIONSHIP BETWEEN NATIONAL POLICY OBJECTIVES AND EF-
FECTS ON TRADE

2. EXPORT SUBSIDIES

- (1) NON-PRIMARY PRODUCTS
 - (A) COMMITMENT OF NON-USE OF EXPORT SUBSIDIES
 - (B) GUIDELINE ON PROHIBITED EXPORT SUBSIDIES
 - ILLUSTRATIVE LIST, GENERAL DEFINITION OR
COMBINATION
 - EXPAND/IMPROVE, WHERE APPROPRIATE, THE 1960
LIST
 - (C) POLICING IN CASE OF BREACH/NON-OBSERVANCE --
APPROPRIATE INTERNATIONAL ACTIONS

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- (2) PRIMARY PRODUCTS
 - RELATIONSHIP WITH PRODUCT SUB-GROUPS

3. OTHER SUBSIDIES

4. NOTIFICATION, CONSULTATION

5. SURVEILLANCE, DISPUTE-SETTLEMENT

END QUOTE.

6. DRAFTED BY WALLAR. MCDONALD

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Message Attributes

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